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R E M A R K S

The Office Action issued April 24, 2006, has been received and its contents have been carefully noted.

The applicant herein wishes to thank the Examiner in charge of this application, Mr. Hani Kazimi, and his supervising Primary Examiner, Mr. Vincent Millin, for the courtesy and cooperation they extended to applicant and his undersigned counsel during the personal interview kindly granted on July 20, 2006. Prior to the interview, applicant's counsel transmitted a proposed Amendment to Examiner Kazimi for his consideration. At the interview, Examiner Kazimi pointed out that the cited U.S. Patent No. 6,014,650 to Zampese could be interpreted to allow a financial transaction to go forward upon entry of a pre-assigned code that is associated with an account number. Applicant and applicant's counsel pointed out that the present invention - the "trigger system" as defined in the independent claims 1, 10, 31 and 37 - distinguishes patentably over Zampese because the applicant's account

information is downloaded from the trigger server prior to the moment the transaction request reaches the host.

Claims 1, 10, 31 and 37, the only independent claims in this application, have each been amended to more "particularly point out and distinctly claim" this distinction. In particular, the independent claims have been amended to clearly point out that the account borrowing process of the trigger system, occurs prior to the transaction request reaching said host processing system ultimately responsible for approving or denying the charge, also enabling said host to receive said transaction request along with the downloaded account information and its account approval information as if said information had been supplied directly by the accountholder himself.

Such amendments are thought to exclude completely the work of Zampese, which require by design to be implemented at the processing host system.

In the Office Action, the Examiner rejects all of applicant's claims as being unpatentable over by Zampese U.S. Patent No. 6,014,650 in view of Shepherd U.S. Patent No. 9,912,510.

Zampese discloses a system for adding security to the transmission of an account over unreliable media while

Shepherd discloses a risk management system where purchase and sale's conditions are posted into a broker-like company responsible for transacting in behalf of buyers and sellers.

Neither one of those systems envision a credit and debit card lending and borrowing system where a credit card owner can lend his card to someone else via an authorization code under pre-determined conditions. Also, neither system has the ability to execute a transaction without being supplied a credit card or financial account, with the concept of borrowing it from an independent source.

First, in order to properly compare the trigger system to other systems like Zampese or Shepherd, one must avoid semantic confusions and compare the systems described by the words instead of just the similarity of the words. In an attempt to do so, applicant respectfully notes the specific terms and meanings used in the claims, so that a fair comparison can be drawn from them.

During the processing of a CHARGE REQUEST, the transaction PROCESSOR, herein defined as the entity with enough control over the account to approve or deny the request, is required to receive basically three pieces of information.

1) An identifier for the target entity who will receive the funds, generally the merchant requesting approval of the charge, and herein called the TARGET ACCOUNT IDENTIFIER.

2) An identifier for the source account from where funds should be withdrawn, herein called the SOURCE ACCOUNT IDENTIFIER.

3) and the TRANSACTION AMOUNT to be moved from the source account identified by the SOURCE ACCOUNT IDENTIFIER to the target account identified by the TARGET ACCOUNT IDENTIFIER.

Although those three elements are the bare minimum necessary for a PROCESSOR to take a TRANSACTION AMOUNT from the account it controls, and give it to the owner of the account identified by the TARGET ACCOUNT IDENTIFIER, their role as simple fiduciaries entrusted to manage someone else's funds do require them to have proof that said CHARGE REQUEST had indeed been approved by the owner of the account.

It is easy to understand how the concept of "proof of identity" has evolved from a signatures in a check or credit card charge into a "personal identification number" (PIN number) for electronic debits.

Given an accountholder, a "secret number", known only to him, does allow for his identification under the same premise that there is a very little likelihood that such number could be reproducible by anyone else but the accountholder himself, and as in a personal check, PIN numbers have been created with the intent of identifying that the initiator of a an electronic request was indeed the owner of the SOURCE ACCOUNT IDENTIFIER included in such request.

Several systems have been created thereafter in order to address the security issues related to the transmission of the SOURCE ACCOUNT IDENDIFIER (account number, credit card number, user name, etc.) and the ACCOUNTHOLDER PERSONAL INDENTIFICATION NUMBER (PIN, Password, Secret Code, etc.), mainly in order to avoid interception and re-use of the account in future fraudulent transactions, since someone in possession of both identifiers could falsely submit further transactions for approval leaving the PROCESSOR incapable of distinguishing the fraudulent transactions from other legitimate one.

Zampese's system was created to address this same problem of submitting the account and the personal identification number for approval over unreliable media and

it does so by replacing a user specific secret code (PIN), by a transaction specific secret code, referred by him as a TRANSACTION CODE.

By supplying several different TRANSACTION CODES to an accountholder, each TRANSACTION CODE to be used in each transaction, the PROCESSOR can not only confirm that the request was initiated by the accountholder himself, but also validate that such TRANSACTION CODE had not yet been used in another transaction, avoiding the risk of said SOURCE ACCOUNT IDENTIFIER and TRANSACTION CODE being intercepted during its transmission.

Zampese's system however does not address, as in the Trigger system, the concept of submitting a transaction without supplying an account or the concept of using a SECRET CODE as the borrowing mechanism for said account. Also, it does require that both pieces of information be submitted to the PROCESSOR during its request, since the concept behind his TRANSACTION CODE is solely to verify that the supplied SOURCE ACCOUNT IDENTIFIER, which is his system is referred to as the ACCOUNT CODE, is being used rightfully by its owner.

In addition, Zampese's system carries the limitation that it can only be implemented at the PROCESSOR due to its

requirements of being ultimately responsible for approving or denying the charge request.

The Examiner states that Zampese discloses, in column 3, lines 29 through column 4 line 61, a method and corresponding system that "delivers said account information and associated account approval information to either said terminal or host involved in said prospective credit or debit transaction in response to a request carrying an authorization code".

Applicant respectfully disagrees with the Examiner that Zampese teaches a system that "delivers an account in exchange for an authorization code" since, in column 3 lines 66 through column 4 line 1, Zampese clearly explains that: "This purchase request includes the purchaser's account code and a transaction code". Also Zampese's independent claim 1 states that: "a purchase request from a purchaser includes the purchaser's account code and a transaction code".

There would be no point in Zampese's system utilizing a transaction code to acquire an account since this system requires both account and code to be transmitted as part of the request.

While applicant's "trigger system" discloses a simple borrowing process meant to download an account in exchange

for an authorization code, Zampese's system presents us a financial process in which both the account and the transaction code are required.

Zampese's transaction code is clearly not a mechanism for "acquiring" or "borrowing" an account from an external system, but simply a method that adds a security code to the use of the account, in order to prevent inappropriate use of the account itself.

The distinction between the two systems becomes apparent when we look at the final outcome of both processes. At the end of Zampese's purchase authorization process, a sale confirmation or rejection is issued back to the requestor ("the account manager transmits either an approval or a rejection message to the internet seller… …who then makes a product sale as shown to the purchaser", column 4, lines 10-13); while at the end of the applicant's account borrowing process, the financial transaction has not yet occurred, and any prospective sale transaction would be comparable at that same stage as a regular transaction at the moment the customer's credit card is read by the terminal and before it is transmitted to the bank for approval.

Looking at the flow for both processes, Zampese's system works as follows:

1) Customer supplies account and code to the terminal in order to pay for merchandise or service;

2) Account and code are transmitted to the bank;

3) Bank (using Zampese's system) verifies the validity of the account and code and accepts or denies the sale transaction; and

4) Seller delivers (or not) the product or service to customer according to bank's reply.

In contrast, the applicant's borrowing process works as follows:

1) Customer supplies a borrowing authorization code to the terminal instead of a credit card as an alternative payment method for merchandise or service (no account is supplied);

2) Terminal attempts to borrow an account from the trigger server in exchange for the authorization code provided;

3) The trigger server delivers (or not) the borrowing account back to the terminal upon verification of the authorization code received; and

4) If the borrowing of the account is successful, the transaction is then submitted to the bank for approval, as if the account information had been supplied by the accountholder himself.

It is important to notice that the borrowing process ends once the card is downloaded and before the sale transaction itself is initiated. This feature is actually what isolates the trigger borrowing system from any issues related to the transaction itself. One could interpret the trigger borrowing process as a virtual "credit card reader" that reaches out to an independent system in order to download the card to be used in the transaction.

Once the download is complete, the transaction is submitted to the bank for approval as any standard transaction would be, and the trigger system remains completely independent and unaware of the transaction itself or its outcome.

Because of Zampese's requirement that the account be submitted along with the transaction code, applicant respectfully disagrees with the Examiner that Zampese teaches (in column 3, line 29 through column 4, line 61) a system that: "stores said account information... in association with an authorization code... and thereafter

delivers said account information... either to said terminal or host involved in said prospective credit or debit transaction in response to a request carrying an authorization code, provided that the verification of said authorization code is successful."

As previously mentioned, the outcome of Zampese's system is not the delivery of the account back to the terminal or host to be used in another external prospective transaction, but the final approval or denial of the sale transaction itself.

The Examiner also notes that Zampese teaches (in column 3, line 29 through column 4, line 61) a system where "a requesting terminal... receives an authorization code... as an alternate payment method for said credit or debit transaction, and transmits said entered authorization code to said trigger server... in a request for acquiring said account... from the trigger server... as if said account... had been supplied... by the accountholder himself."

Again, applicant must respectfully disagree with the Examiner since, in Zampese's system, the terminal does not receive the authorization code as an alternative payment method for the credit card. The card itself is the required payment method in Zampese's system and his additional code

serves only as a security code to protect the transmission of this provided card. Also, Zampese's system does not transmit the authorization code as a "request for acquiring the account" as mentioned by the Examiner, since the account itself is also a required item in the transmission request and the authorization code is simply a security check for the use of the account.

In reality, nothing in Zampese's teachings really relate to a card borrowing system that receives an authorization code as an alternate payment method for the transaction, which authorization code is used to acquire the account information from an external server.

Zampese clearly states, throughout his work, that his system is a "purchase management system", and that the transaction code is used to secure the transmission of the account and "prevent unauthorized purchases and fraud" (claim 1). Not at any point does Zampese infer the ability to borrow an account from an external system or allow transactions that use an authorization code as a replacement for the account.

Zampese discloses that the purpose behind his transaction code is to secure the transmission of the account over unreliable channels and not to allow for

cardless transactions that acquire accounts from external servers using authorization codes as the borrowing mechanism.

In column 5, lines 3-4, the necessity for the account, and the use of the transaction code as a "security check" for the account, become obvious when Zampese states that only "if the account code is valid, the transaction code is verified, step 62".

Applicant further respectfully disagrees with the Examiner that the differences between the trigger card borrowing system and Zampese's purchase management system lie merely in the independence of the trigger system from the financial institution and that it would have been obvious for one to modify the teachings of Zampese in view of Shepherd to come up with the teachings of the trigger system.

Zampese's system approves or denies transactions and does not deliver account information in response to requests carrying authorization codes.

Zampese's patent makes no reference to lending or borrowing credit cards; neither does it suggest the ability to use somebody else's credit card or to initiate a transaction without a credit card. To the contrary,

Zampese's system requires the credit card to be supplied to the transaction and by the accountholder himself.

The novelty of his system concerns the addition of a security code to the transport of the credit card information, with the main goal of diminishing the risk of interception of such information while being transferred between cardholder, seller and host.

The fact that both Zampese's and applicant's systems utilize an "authorization code" is a mere coincidence since each of those codes serve a completely different purpose in their corresponding systems.

While Zampese uses a secret code as a security authentication for the credit card, to guarantee that the credit card is being used by its owner himself, the trigger system uses it as a replacement for the credit card -- or, more specifically, as the mechanism for borrowing someone else's credit card (the trigger system is ultimately a "cardless" transaction).

The trigger system is in essence the tool that enables an accountholder to make his/her credit card available to someone else, via an authorization code and this system facilitates a cardless transaction by utilizing this code as

the borrowing mechanism to acquire the credit card account from an external source.

Zampese not only makes no allusion to a cardless transaction or the borrowing of credit cards by someone other than the accountholder, but his system requires the credit card as a pre-requisite for the request, and his system only exists to ensure that the credit card be used by the accountholder himself.

In applicant's view, there cannot be obviousness in the combination of the two systems, Zampese's and Shepherd's, where the main intent of Zampese is to guarantee that the credit card, used in the transaction, was presented by the accountholder himself, while in the trigger system, such code is meant to allow purchases to be initiated without a credit card, by someone else not necessarily the owner of said credit card, in a cardless transaction where the secret code serves as a mechanism for borrowing the card.

Shepherd's system, on the other hand, is a risk management, broker-based system where sellers and buyers register themselves with an independent broker-company, describing the conditions in which this independent broker-company is allowed to effectuate purchases and sales in their behalf.

His system is mainly a hedging tool that allows companies to protect themselves from "specified, yet unknown future events". The system also does not relate to, or envision at any point the ability for someone to effectuate a purchase utilizing someone else's credit or debit card. Neither does it mention a credit card transaction being initiated without a credit card. Indeed, Shepherd's system has no direct correlation to any credit card system and is therefore not really combinable with the system of Zampese.

The Examiner calls attention to the fact that the trigger system also acts as an independent party to the transaction. However, although Shepherd's system is independent and not a direct participant in the transaction itself (either as the seller or the buyer), Shepherd's company, in contrast to the trigger company, is deeply involved in the transaction by being the one establishing the irrevocable settling obligation between buyers and sellers, and can be considered ultimately, the creator of the transaction itself.

Being the one responsible for committing buyers and sellers to irrevocable deals puts Shepherd's independent company on a very different footing from the trigger system, with fully fiduciary responsibilities to the transaction and

to the parties involved in it. This leaves Shepherd's company wide open to variety of legal and regulatory trustee requirements non-existent the trigger system.

In the trigger system, the independency of the trigger company resides in the fact that it only serves as a borrowing mechanism for credit and debit cards, and that this borrowing occurs as a separate process altogether, prior to the transaction itself, leaving the sale transaction as a direct obligation negotiated and established between the buyer and seller themselves.

Such trustee liabilities and responsibilities are purposely kept separate from the trigger system by isolating it from participating in the sale transaction itself. Although the trigger system's protocol needs to ensure that the credit card will only be borrowed if the matching secret code and corresponding conditions are met (and this constitutes a liability in itself), no direct liability to the transaction can be relegated to the trigger system due to its clear non-participation in the sale transaction.

In contrast, Shepherd's method coordinates and commits parties to irrevocable purchase and sales transactions with the power of irrevocably defining and directing the settlement for those transactions via a real-time update of

shadow records against the institutions involved in these transactions.

As an example, let us assume for one moment that the broker company utilizing Shepherd's method commits a buyer and a seller to a transaction where one of the parties is one of the designated names in the OFAC list (Office for Foreign Assets Control). Such a transaction could be considered an "illegal" transaction in the U.S. and the institution responsible for it (in this case Shepherd's independent broker-company) could be held liable for it since this institution was the one establishing and coordinating the settlement of the obligations between the two parties.

In Shepherd's method, the party at default by transacting with someone on the OFAC list cannot be held liable for such an "illegal" transaction since the system matching buyers and sellers belongs to the independent broker company and its awareness of the transaction itself only occurred <u>after</u> the transaction had taken place.

Shepherd's company ultimately <u>informs</u> both parties of the legal obligation they have both contracted via its system, and that only occurs <u>after</u> the transaction has already taken place, which leaves it with all legal and

regulatory responsibilities before committing both parties to the deal.

In the trigger system, it is not even necessary for the system to be informed of the final outcome of the transaction since the transaction is assumed to be a direct contract negotiated and settled by the buyer and seller independently.

Accordingly, the trigger system has nothing to do with imposing an irrevocable contract on buyers and sellers. Nothing in the trigger system guarantees that the credit or debit card borrowed for the transaction will be approved after it is downloaded from the trigger server in the same way that no guarantee exists that a transaction will be approved when someone hands over his/her credit card to a clerk during a transaction.

The trigger system simply functions as an electronic "hand" retrieving the credit card, not from a wallet, but from an independent credit card lending and borrowing system that allows users to attempt purchases using someone else's credit cards downloaded from an external source. The borrowed card must then be submitted and thereafter approved by the bank (as in any normal credit or debit card transaction) in order for the transaction to really occur,

and all of this occurs after the card borrowing process has already ended.

Shepherd's method is in essence not only responsible for creating the transaction, but also responsible for enforcing its settlement in a final and irrevocable way, bearing with it all the related fiduciary liabilities and responsibilities.

In the trigger system, the lending of the credit card to either the buyer or the seller occurs as a separate action outside the purchase transaction itself and its involvement ends once one of the parties acquires the credit card information from the trigger server. Once in possession of the credit card and already disconnected from the trigger server, the parties can then attempt to perform a transaction using this credit card, as in a normal transaction where the accountholder provides his card personally, and with the same lack of guarantee that such transaction will be approved by the bank.

After retrieving the credit card from the trigger server, the purchase will occur as a normal transaction, as if the credit card had been supplied directly by the owner himself, and any compliance related to such transaction

would be a direct responsibility of the buyer and seller involved in the transaction.

In the case of the trigger system, the transaction occurs directly between the terminal and the host after the borrowing of the credit card information takes place, leaving any responsibility and/or liability related to the transaction itself (OFAC checks, IRS rules, Foreign Regulations, etc.) with the seller and buyer involved in the transaction, isolating the trigger company by design from any exposure to such rules, laws or related liabilities.

Whereas the trigger system is a non-fiduciary system that allows people to borrow and attempt the use someone else's credit card, Shepherd's system is a "broker like" trustee system that negotiates irrevocable deals in behalf of buyers and sellers.

Shepherd's system bears way more similarity to an elaborated online brokerage system -- where customers post buy and sell orders and the broker institution executes it once price and/or other conditions are met -- than to a credit card borrowing system that allows users to initiate transactions without a credit card, borrowing it from someone else via a previously established borrowing code.

Whereas in Shepherd's method, the role of the independent company is to actively cross-reference buyers' and sellers' conditions in order to "create" irrevocable deals between them, the trigger company has the role of holding credit and debit cards so that others can borrow them using a borrowing key.

The trigger system does not at any point create or participate in any sale transaction and its job is simply to relay credit cards to buyers or sellers capable of supplying the appropriate key under valid conditions. All the trigger system ensures is that the credit or debit card will only be lent in accordance with the matching authorization code and that the previously established terms and conditions are met.

In summary, the trigger system is not a method for applying security to credit card information in transit as per Zampese, nor a risk management fiduciary system as per Shepherd; it is instead a credit and debit card lending and borrowing system where people can purchase goods in a cardless transaction by borrowing someone else's credit card via an authorization code.

Consequently, in applicant's view, the borrowing mechanism according to the trigger system cannot be

considered obvious over Zampese and Shepherd since neither of them makes reference to a credit card borrowing or lending system.

For the reasons given above, this application is now believed to be in condition for immediate allowance. A formal Notice of Allowance is accordingly respectfully solicited.

Respectfully submitted,

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AUGUST 9, 2006

MILDE & HOFFBERG, LLP

By _____

Date AUGUST 9, 2006